

IN THE CHANCERY COURT OF HICKMAN COUNTY, TENNESSEE

GREG GONZALES, In his official)
capacity as Commissioner-In-)
Possession of Sentinel Trust Company)
and Receivership Management, Inc.,)
Receiver of Sentinel Trust Company,)
Plaintiffs,) No. 4980
v.)
DANNY N. BATES, et al.,)
Defendants.)

**PLAINTIFFS' REPLY TO DANNY BATES' OBJECTION TO MOTION FOR
ADDITIONAL RELIEF AND PLAINTIFFS' REQUEST FOR ORAL
ARGUMENT**

I. Plaintiffs' Request for Oral Argument

Plaintiffs request that the Court set a time for oral argument as to this Motion for Additional Relief Regarding Sale of Properties Subject to Judgment Liens ("Motion for Additional Relief") and as to other matters before the Court.¹ Plaintiffs assert that oral argument would assist the Court regarding a) the contrived nature of Mr. Bates' objection to Plaintiffs' Motion for Additional Relief, and b) the impact the alternative relief requested will have upon the practical, efficient and timely sale of the properties, as well as the ability to close the Sentinel Trust Receivership Estate.

¹ Defendant Clifton Todd Bates and Defendant Gary O'Brien have filed separate motions requesting dismissal of claims of breach of fiduciary duties to which Plaintiffs will file response on or before December 27, 2010. Also, on November 30, 2010, the Commissioner-in-Possession and Sentinel Trust Receiver filed a Status Report in the In re: Sentinel Trust/receivership action.

II. Reply to Danny Bates' "Objections"

Mr. Bates' "Objections" do not provide any reason to deny Plaintiffs' Motion for Additional Relief. And, respectfully, at times the "Objections" make no sense and clearly show that Mr. Bates' goal is simply to obstruct these proceedings.

Mr. Bates says that Plaintiffs in their Motion for Additional Relief seeks to avoid the process of requiring a sheriff's sale. Plaintiffs have not avoided the sheriff's sale process. Indeed, Plaintiffs have gone through the sheriff's sales process and the results were that no bids were received.

Mr. Bates argues that the Court had earlier stated that it did not have authority to order alternative procedures. In doing so, Mr. Bates, self-servingly, fails to present what the Court actually said. As set forth in Plaintiffs' Motion for Additional Relief, the Court stated, in its July 30, 2010 Order of Sale (which ordered the Sheriff's sales), that as of the time of that July 30, 2010 Order of Sale, it did not have the authority to order alternative relief (copy attached as **Exhibit 1** for the Court's convenience) -- which certainly leaves open the Court's ability to consider later (for example, after a failed attempt at a sheriff's sale) alternative procedures. Moreover, the propriety of considering, and the Court's ability to consider, alternatives was made clear in the Court's footnote 1 in that July 30, 2010 Order of Sale (**Exhibit 1**), wherein the Court states that alternative procedures would be considered if the \$750,000 minimum bid as to 205 Bastin Road property was not obtained at the sheriff's sale.

Next, Danny Bates maintains a) his right of redemption should be protected, and b) people showed up at the sheriff sales even though the sales were advertised as being subject to the right of redemption. There are several matters regarding Mr. Bates' response to which reply is needed.

First, as to people attending the auctions, there were two sheriff sales. As to the Hickman County Sheriff's Sale, neither Mr. Bates nor anyone from the Bates family was there. Undersigned counsel was and no one was present to bid. As to the Lewis County Sheriff's Sale, several of the people who were there were there for the next scheduled sheriff's sale and those few that were there for the Sentinel Trust matter were principally Mr. Bates and members of his family and his friends, none of whom bid nor, do Plaintiffs feel, ever intended to bid. Again, it is clear that irrespective of who was or was not there, no one bid at the Lewis County Sheriff's Sale.

Second, Plaintiffs' Motion for Additional Relief does seek to have the right of redemption waived -- there is clearly no question about that. Mr. Bates -- a person who will never exercise that right (as explained in Plaintiffs' Motion for Additional Relief) -- says that he wants to keep that right. Plaintiffs have presented the Court specific grounds and legal authority as to why the right of redemption should and can be waived. Mr. Bates just doesn't want it to happen -- he doesn't say why, he just says that his right of redemption "should be protected." So we can only assume that he is not wanting the properties to sell, is wanting to obstruct that process and knows that by raising his "right of redemption" any reasonable sale would be frustrated.²

Lastly, Mr. Bates acknowledges that Plaintiffs are also requesting, as an alternative, that the Court order title as to the properties be transferred from Mr. Bates to the Commissioner-in-Possession. Mr. Bates is correct that this is an alternative request and it is supported by the Plaintiffs' July 13, 2010 Motion for Order of Sale and

² The Lewis County Attorney, in his Report of Sale, stated that the interest in bidding on the 205 Bastin Road tract and adjoining 135 acre tract was "put off by the two-year right of redemption." See Exhibit 2 at page 2, "Report of Sale" section. This is also stated by the Sentinel Trust Receiver in the Jeanne Bryant Affidavit attached as Exhibit 1 to Motion for Additional Relief (at ¶4).

Attendant Relief. In his Objection, however, Mr. Bates seems mystified, or perhaps fains mystification, about Plaintiffs wanting property titled in the Commissioner-in-Possession when Plaintiff fought so hard to get that property titled back into Mr. Bates' name. Mr. Bates misses the point and does so widely. The transfer of title to properties from Ms. Bates or from the Bates Family Trust to Danny Bates was because Danny Bates fraudulently transferred those properties to Ms. Bates or the Bates Family Trust. Now that the property is in Mr. Bates' name, the property is subject to execution and sale with the proceeds applied to the \$4.395 million judgment against Mr. Bates. An alternative (particularly in light of the unsuccessful sheriff sales) is to have title to those properties divested from Mr. Bates and vested in the Commissioner-in-Possession, as set forth and supported in Plaintiffs' July 13, 2010 Motion for Order of Sale and Attendant Relief.³

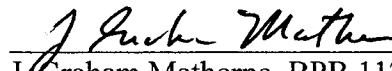
III. Conclusion


Plaintiffs' request oral argument as to the pending Motion for Additional Relief, as well as all other matters before the Court in relation to this case and the In re: Sentinel Trust receivership case.

Additionally, for the reasons set forth in Plaintiffs filings, and attachments thereto, it is requested that the Court enter an order granting additional relief, as requested in those filings, in relation to the sale of properties subject to judgment liens.

³ Mr. Bates ends his "Objections" by requesting that the Court "schedule all remaining issues for trial by jury as demanded by right." Of course, this is a meaningless request because a final, non-appealable \$4.395 million judgment already has been entered against Mr. Bates. Somehow -- and perhaps through appearance in front of the Court at the oral argument requested herein -- this needs to be made clear to Mr. Bates.

Respectfully submitted,


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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served upon the following, via U.S. Mail, on this the 16th day of December, 2010.

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